

AS-806

M.B.A. Semester—IV Examination
INSURANCE MANAGEMENT
Paper—MBA/4106/CGF

Time : Three Hours]

[Maximum Marks : 70

- Note :—** (1) Attempt **ALL** questions.
(2) Figures to the right indicate marks.

SECTION—A

1. (a) "Insurance is a source of peace of mind to an individual and acceleration to the process of economic growth". Explain the above statement in the light of nature, scope and significance of Insurance. 14

OR

- (b) Define a life Insurance contract along with its essential features; what are the riders in a life policy ? Cite some examples in relation to a few life insurance policies. 14

SECTION—B

2. (a) Discuss the various methods of bonus distribution. 7
(b) A insures his life with an insurer for Rs. 5,000 . Subsequently he becomes insane and while of unsound mind he commits suicide. Can the legal representative of A recover the money from the Insurance company ? 7

OR

- (c) Distinguish between Insurance and Assurance. 7
(d) If the annual premium for an endowment assurance of Rs. 1,000 for a person age 40 yrs. for a term of 20 yrs is Rs. 30 calculate the office premium having the following provisions :
(a) initial expenses Rs. 40 per 1,000 sum assurance.
(b) renewal expenses at 10% office premium.
(c) A constant exp. of Rs. 250 per 1000 sum assured (given $a_{40:19} = 16$). 7

3. (a) Explain the role and functions of LIC (Life Insurance Corporation of India in the national Economy. 7
- (b) A had taken a life insurance policy for Rs. 1,000. He became indebted to a Bank which instituted a suit against him, got his policy attached and obtained a decree. A died. His wife who had been nominated as the person entitled to receive money due under the policy in the event of his death also died. His son filed a claim petition that the policy in the event of his death also died. His son filed a claim petition the policy amount be paid to him. Is he entitled to the money ? Discuss. 7

OR

- (c) What is annuity ? What are the basic differences between annuity and life Insurance ? 7
- (d) Mr. Kiran is keen to invest his money but he is unknown to insurance sector. As an Insurance advisor how will you convince Mr. Kiran to invest in Insurance ? 7

SECTION—C

4. (a) Distinguish between life Insurance and fire Insurance. 7
- (b) Describe the risks which can be covered under a fire Insurance Policy. 7

OR

- (c) Briefly trace the performance of General Insurance industry from Nationalization to privatization. 7
- (d) "Fire Insurance is contract of indemnity". Explain with example. 7

SECTION—D

5. The need for risk mitigation as a tool for rural development and welfare has been long felt in agriculture; for decades, the Govt. has attempted to ease the problems of farmers against weather risk with the NAIS and crop insurance programs. However the schemes failed to satisfy the objective of providing sustainable solutions for mitigating agricultural risk against uncontrollable

risk. Indeed farmers who take out agricultural loans eligible to purchase the crop insurance and it was available to others as well. The drawback was that very few were eligible to purchase the Insurance, and often received payments only years after their loss. And given the large geographical area covered, the farmers feared that the test plots may not suffer the same low yields their own plots do, denying them the needed insurance payouts. Though the government advocated heavy subsidies, towards the program, the scheme witnessed a low penetration rate. The fundamental flaw with program is the high premium rate charged to the farmers. Also the NAIS. Scheme did not deliver well with high claim-premium ratios and low penetration in spite of high subsidies from the government. Some of the other design problems with the program were knowledge limitation among the bankers and district administration officials, burdensome administrative cost and large areas, the delays in Claims settlement process led to instances when farmers received the claim amount after 12—18 months defeating the very purpose of insurance.

Recently the Govt. rolled out weather-based insurance products in the country such as weather Insurance, and weather based crop insurance to address the drawback of crop insurance.

- (a) Considering the above case explain the significance of Agriculture in India and development of agriculture insurance in India. 7
- (b) Point out the major problems facing Agriculture Insurance in India suggest measures to overcome the same. 7

